

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2378

S.P. 928

In Senate, January 12, 2000

**RESOLUTION, Proposing an Amendment to the Constitution of Maine
Establishing a Budget Stabilization Fund.**

Submitted by the Department of Administrative and Financial Services pursuant to Joint Rule 204.

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator MICHAUD of Penobscot.

Cosponsored by Senator HARRIMAN of Cumberland, Representative: KNEELAND of Easton.

2 **Constitutional amendment. Resolved:** Two thirds of each
branch of the Legislature concurring, that the following
amendment to the Constitution of Maine be proposed:

4 **Constitution, Art. IX, §24** is enacted to read:

6 **Section 24. Budget stabilization fund.** A budget
8 stabilization fund is established. Funds in the budget
stabilization fund may not exceed 10% of the total General Fund
10 revenues received in the immediately preceding state fiscal year
and may be expended only for the following purposes: to offset
12 General Fund revenue shortfalls in state fiscal years in which
actual revenues fall short or are projected to fall short of the
14 accepted General Fund revenue estimates; for prepayment of
outstanding General Fund bonds; for prepayment of any unfunded
16 liabilities of the Maine State Retirement System, or any
successor agency, related to retirement benefits for state
18 government employees or teachers; to reduce the balance in the
budget stabilization fund for current expenditure needs in order
20 to avoid serious fiscal dislocation or disruption directly
affecting Maine citizens; to reserve for unfunded liabilities of
22 State Government; or for major construction. For purposes of
this section, "major construction" is defined as being any single
24 project with a total cost exceeding \$1,000,000. When actual
General Fund revenues at the end of any fiscal year exceed the
26 accepted General Fund revenue estimates, 75% of the excess
revenues must be placed in the budget stabilization fund. Funds
28 may be expended from this fund only upon approval by 2/3 of both
Houses of the Legislature.

30 ; and be it further

32 **Constitutional referendum procedure; form of question; effective
34 date. Resolved:** That the municipal officers of this State shall
notify the inhabitants of their respective cities, towns and
36 plantations to meet, in the manner prescribed by law for holding
a general election, at the next general election in the month of
38 November following passage of this resolution, to vote upon the
ratification of the amendment proposed in this resolution by
40 voting upon the following question:

42 "Do you favor amending the Constitution of Maine to
establish a budget stabilization fund to be used to
44 stabilize the General Fund in the event of an economic
downturn as well as to provide resources for debt payments
46 on general obligation bonds, unfunded liabilities and
capital construction projects exceeding \$1,000,000?"

48 The legal voters of each city, town and plantation shall
50 vote by ballot on this question and designate their choice by a

2 cross or check mark placed within the corresponding square below
the word "Yes" or "No." The ballots must be received, sorted,
4 counted and declared in open ward, town and plantation meetings
and returns made to the Secretary of State in the same manner as
6 votes for members of the Legislature. The Governor shall review
the returns and, if it appears that a majority of the legal votes
8 are cast in favor of the amendment, the Governor shall proclaim
that fact without delay and the amendment becomes part of the
Constitution on the date of the proclamation; and be it further

10
12 **Secretary of State shall prepare ballots. Resolved:** That the
Secretary of State shall prepare and furnish to each city, town
14 and plantation all ballots, returns and copies of this resolution
necessary to carry out the purpose of this referendum.

16
18 **SUMMARY**

20 This resolution proposes amending the Constitution of Maine
to establish a reserve fund that acts to stabilize the General
22 Fund in the event of an economic downturn as well as to provide
resources for debt payments on general obligation bonds, unfunded
24 liabilities and capital construction projects exceeding
\$1,000,000.